

m/023/007

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO

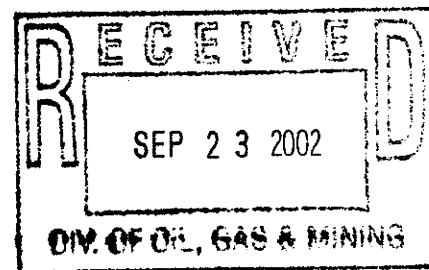
IN RE:

NORTH LILY MINING COMPANY, INC.,
a Utah corporation,
EIN: 87-0159350

Debtor.

Case No. 01-23068-EEB

Chapter 11



IN RE:

XERES TINTIC, LLC

EIN: 84-1528808

Debtor.

Bankruptcy No. 01-23069-EEB

Chapter 11

**Jointly Administered Under
Bankruptcy No. 01-23068-EEB
Chapter 11**

MOTION TO APPROVE CLAIMS AGENT

The Debtors, by and through their attorneys, Kutner Miller Kearns, P.C., move the Court to approve, Donlin, Recano & Company, Inc. as the Debtors' claims agent, and as grounds therefor state as follows:

1. The Debtors' cases are being jointly administered. The Court approved the adequacy of the Debtors' Disclosure Statement and the Debtors are prepared to send their Plan and Disclosure Statement to creditors and parties in interest.
2. The Debtors have filed a Motion to Set Bar Date in this case. The Court has not yet issued an order regarding a bar date, instead, the Court has requested that the Debtors hire a claims agent to process any proofs of claim or proofs of interest to be filed in this case.
3. For the sake of reducing mailing costs, the Debtors plan to mail the Plan, Disclosure Statement, Ballot and Notice of Bar Date to creditors in one package.

4. The Debtors have reviewed the qualifications of several claims agents and have chosen Donlin, Recano & Company ("DRC") to provide claims agent services in this case. A copy of the proposed agreement is attached hereto as Exhibit A. All claims are to be sent to the following address:

Donlin, Recano & Company, Inc.
As Agent for the USBC- District of Colorado
Re: North Lily Mining Co., a Utah Corp.
P.O. Box 899
Madison Square Station
New York, New York 10010

5. The Debtors have paid DRC \$500 as a pre-payment for services to be rendered in this case. DRC is not being hired as professionals in this case and the Debtors are not noticing the \$500 pre-payment to creditors or parties in interest.

6. The hiring of a claims agent is necessary to the effective administration of this case. The \$500 pre-payment will be considered a deposit for future services by DRC.

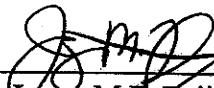
7. Based on the foregoing, the Debtors request that the Court approve DRC as the Debtors' claims agent.

WHEREFORE, the Debtor respectfully request that this Court make and enter an Order approving Donlin, Recano & Company, Inc. as the Debtors' claims agent in this case, and for such further and additional relief as to this Court appears proper.

DATED: September 18, 2002

Respectfully submitted,

By: _____


Jenny M.F. Fujii, #30091

KUTNER MILLER KEARNS, P.C.
303 E. 17th Avenue, Suite 500
Denver, CO 80203
Telephone: (303) 832-2400
Facsimile: (303) 832-1510
Email: jmf@kutnerlaw.com

North Lilly Mining Company/ Attachment to Claims Agent Agreement

Under the Donlin, Recano & Company, Inc. Agreement, Donlin will provide the following services, if necessary, as the Claims Agent, at the request of the Debtors or Clerks' Office:

(a) Maintain official claims registers in these cases by docketing all proofs of claim and proofs of interest in a claims database that includes the following information for each claim or interest asserted:

(i) The name and address of the claimant or interest holder and any agent thereof, if the proof of claim or proof of interest was filed by an agent;

(ii) The date the proof of claim or the proof of interest was received by Donlin and/or the Court;

(iii) The claim number assigned to the proof of claim or proof of interest; and

(iv) The asserted amount and classification of the claim;

(b) Implement necessary security measures to ensure the completeness and integrity of the claims registers;

(c) Transmit to the Clerk's Office a copy of the claims registers on a schedule required by the Court and no more frequently than weekly (unless requested by the Clerk's Office on a more frequent basis) in the form required by the Court;

(d) Maintain a current mailing list for all entities that have filed proofs of claim or proofs of interest and make such list available to the Clerk's Office or any party-in-interest upon request;

EXHIBIT A

(e) Provide access to the public for examination of copies of the proofs of claim or proofs of interest filed in these cases without charge during regular business hours;

(f) Scan all proofs of claim and proofs of interest, as well as maintain originals of said claims and proofs of interest filed in these cases and provide claim images on CD to debtor and their counsel as requested;

(g) Record all transfers of claims pursuant to Bankruptcy Rule 3001(e) and provide notice of such transfers as required by Bankruptcy Rule 3001(e);

(h) Comply with applicable state, federal, municipal and local statutes, ordinances, rules, regulations, orders and other requirements;

(i) Provide temporary employees to process claims, as necessary;

(j) Promptly comply with such further conditions and requirements as the Clerk's Office or the Court may at any time prescribe;

(k) Provide such other claims processing and related administrative services as may be requested from time to time by the Debtors;

Signature: Date: 9/12/02Signature:  PresidentDate: 9/12/02

09/12/02 17:34 FAX 303 293 235
DONLIN, RECANO & COMPANY, INC.
419 Park Avenue South, Suite 1206
New York, NY 10016 (212) 481-1411

NORTH LILY MINE

004/005

CLAIMS AGENT AGREEMENT / North Lilly Mining

Donlin, Recano & Company, Inc. (hereinafter called DRC) agrees to provide North Lilly Mining (hereinafter called the "Client") and Client agrees to purchase services upon the terms and conditions and in accordance with the schedule, and other provisions stated herein:

I. NOTICING AND DOCKETING

A. SYSTEM USAGE

- | | |
|-------------------------|---|
| 1. Set Up Fee | Waived |
| 2. Database Maintenance | \$200.00 + .10/ per creditor/ per month |
| 3. Data Input | |
| Tape Conversion: | |
| In Donlin Recano Format | No Charge |
| Other Formats | \$ 100/hour ¹⁾ |

B. CLAIMS DOCKETING/SUPPORT SERVICES

1. Client

- | | |
|------------------------------|-------------|
| Document Handling | Waived |
| Document Storage | Waived |
| Claims Examination/Docketing | \$.95/claim |
| Data Entry (pre-coded) | \$ 35/hour |
| Data Entry (uncoded) | \$ 60/hour |
| Photocopying | \$.15/page |
| Imaging | \$.50/image |
| 2. Mailing Services | At cost |

C. REPORTS/SERVICES

1. Notices

- | | |
|----------------|-----------------|
| Set Up | Waived |
| Laser Printing | \$.12 per page |

2. Standard Report/Label Generation

- | | |
|--------------------------|-----------------|
| Report Formatting/Set Up | Waived |
| Laser Printing | \$.12 per page |
| Labels | |
| Cheshire | \$.05/each |
| Peel & Stick | \$.06/each |
| Ink Jet | \$.09/each |

3. Special Reports & Services

- | | |
|--|--|
| Programming | \$100/hour |
| Special Consulting/Administrative Services (if required) | At DRC's Published rates ¹⁾ |

II. PLAN BALLOTING

- | | |
|--|--------|
| Per Ballot Charge | \$1.50 |
| Other charges to be determined prior to voting | |

III. DEPOSIT (To be Applied to Final Bill)

\$ 500.00

¹⁾ Average \$120/hour. Range from \$65/hour to \$210/hour for principals.

DRC Company Approval:

By: [Signature]

Title: President

Date: 9/10/02

Accepted and Approved:

By: NORTH LILY MINING COMPANY

Signature: [Signature]

Title: President Date: 9/12/02

Note: Company approval required before Agreement is binding.

This Agreement is subject to the terms and conditions set forth herein and on the reverse side hereof. Customer acknowledges reading and understanding it and agrees to be bound by its terms and conditions and further agrees that it is the complete and exclusive statement of the Agreement between the parties, which supersedes all proposals oral or written and other prior communications between the parties relating to the subject matter of this Agreement.

TERMS AND CONDITIONS

1. **TERM:** This agreement shall be effective from the date upon which it is accepted by DRC as set forth below and shall remain in force until terminated by the Client on one (1) month's prior written notice received by DRC or by DRC upon three (3) months' prior written notice received by the Client.
 2. **CHARGES:** All charges shall be based upon the time and materials incurred by DRC, billed at the DRC then prevailing standard rate unless another rate schedule is specifically and mutually agreed upon herein. In the event that rates are based other than on time and materials, and such other basis for rates is set forth herein, the Client agrees to pay, in addition to those rates, for all charges, incurred by DRC as a result of Client error or omission as determined by DRC. Such charges shall include but shall not be limited to re-runs and any additional clerical work, phone calls, travel expenses, overtime expenses for work in excess of eight hours per day or forty hours per week, or any other disbursements. When possible, DRC will notify Client in advance of any additional charges. Checks are accepted subject to collection and the date of collection shall be deemed the date of payment. Any check received from Client may be applied by DRC against any obligation owing by Client to DRC, and an acceptance by DRC of any partial payment shall not constitute a waiver of DRC's right to pursue the collection of any remaining balance. DRC requires advance deposits for all noticing, newspaper publishing or other significant expenditures as defined by DRC.
 3. **TRANSPORTATION OF DATA:** Data submitted by the Client to DRC for processing shall be transported at the Client's risk and expense to and from the DRC office. In the event the Client fails to deliver the input data to DRC at the time scheduled, the Client agrees that DRC may extend, as necessary, the time for the completion of processing of such data. Client further agrees that the time for the completion or processing of such data may be extended because of the following holidays in addition to any Bank holidays recognized in the city in which DRC is located: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. In any event, DRC does not warrant or represent that shipment or availability dates will be met, but will use its best efforts to do so. If DRC is required to stay open to perform required tasks on such days, an additional mutually agreed upon cost may be required by DRC.
 4. **INVOICES:** DRC shall invoice the Client monthly for all services rendered during the preceding month. Charges for a partial month's service shall be prorated based on a thirty (30) day month. Terms are net 20 days following the date of billing. DRC reserves the right to withhold reports and materials of the Client found to have delinquent accounts under the Terms and Conditions of this Agreement. Invoices unpaid after thirty (30) days from the date rendered shall be subject to an interest charge at the maximum allowable rate.
 5. **STORAGE:** Client shall assume the risks and DRC shall not be responsible for any damages, liability or expenses incurred in connection with any delay in delivery of or damage to cards, disks, magnetic tapes or any input data furnished by Client unless DRC has agreed in writing to assume such responsibility. Forms storage at DRC beyond a normal 90 day supply will be billed at standard warehousing rates established by DRC.
 6. **SUPPLIES:** All supplies shall be furnished at Client's expense.
 7. **WARRANTY:** DRC shall have the right to rely on the accuracy of all data provided by the Client to DRC. The DRC warranty under this agreement shall be limited to the re-running at its expense, of any inaccurate reports provided that such inaccuracies were caused solely as a result of performance hereunder and provided further that DRC shall receive written notice of such inaccuracies within thirty (30) days of delivery of such report. If said notice is not made to DRC within the prescribed time limit Client is due and liable for all charges. Client agrees that the foregoing constitutes the exclusive remedy available to it.
 8. **TERMS OF AGREEMENT:** The terms of this Agreement prevail over any and all terms contained in Client's purchase order or authorization and no waiver, discharge, or modification of the terms of this Agreement shall bind DRC unless in writing and signed by an authorized representative of DRC.
 9. **LIMITATION OF LIABILITY:** Client agrees that the foregoing warranty is in lieu of all other warranties, express or implied, including but not limited to any implied warranty of merchantability, fitness or adequacy for any particular purpose or use, quality, productiveness or capacity. Client further agrees that DRC shall not be liable to Client or any person claiming through or under Client for any expense of any kind whatsoever or for any lost profits or damages of any kind, howsoever caused and in no event shall DRC be liable for loss of business or other consequential damages even if DRC has been advised of the possibility of such damages.
 10. **OWNERSHIP OF PROGRAMS:** Unless otherwise agreed in writing, all programs developed by DRC in connection with any services to be performed under this Agreement shall remain the sole property of DRC. All programs and/or systems documentation in the possession of DRC which DRC has agreed in writing to return to the Client, prepared for the Client by DRC, shall be returned to the Client upon demand providing all charges for such programming and/or systems documentation have been paid in full.
 11. **UNUSUAL MEASURES:** Where the Client requires measures that are unusual and beyond the normal business practice and hours of DRC such as, but not limited to, CPA Audit, Errors and Omissions Insurance, and/or Off-Premises Storage of Data, the cost of such measures, if provided by DRC, shall be charged to the Client. Said charges may be required in advance if DRC deems it appropriate.
 12. **GENERAL:** The terms and conditions of this Agreement may be modified by DRC upon one (1) month's prior written notice to Client. Client will not employ any DRC employee within two (2) years from the termination of this Agreement. The term "this Agreement" as used herein includes any future written amendments, modifications, supplements or schedules duly executed by Client and DRC.
- This agreement will be governed by the laws of the State of New York.
- REVISED 01/01

UNITED STATES BANKRUPTCY COURT
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IN RE:)	
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Debtor.)	Bankruptcy No. 01-23068-EEB
)	Chapter 11

ORDER APPROVING CLAIMS AGENT

THIS MATTER having come before the Court on the Debtor's Motion to Approve Claims Agent ("Motion"), the Court having considered the Motion, cause having been shown by the Debtor, the Court does

ORDER

That the Motion is hereby approved.

DONE and entered this _____ day of _____, 2002 at Denver, Colorado.

Judge Elizabeth E. Brown
United States Bankruptcy Judge